

BANK INDONESIA REGULATION
NUMBER 6/12/PBI/ 2004
CONCERNING
INVESTMENT CREDIT FOR PRE-CONVERSION ESTATE
DEVELOPMENT UNDER THE NUCLEUS COMPANY AND
SMALLHOLDERS SCHEME FOR TRANSMIGRANTS (PIR-TRANS)

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas Investment Credit for Estate Development under the Nucleus Company and Smallholders Scheme (PIR) for Transmigrants (PIR-Trans), the management of which has been placed in the hands of SOEs appointed by the Government, has proved enormously beneficial to the national economy in general and to farmers in particular;
 - b. whereas in the course of implementation, this lending has encountered various constraints in the field and thus it is necessary to for these problems to be resolved through improvements to the legal provisions governing Investment Credit for Estate Development under the Nucleus Company and Smallholders Scheme (PIR) for Transmigrants (PIR-Trans);
 - c. now therefore, it is deemed necessary to amend the regulations governing Investment Credit for Estate Development under the Nucleus Company and Smallholders Scheme (PIR) for Transmigrants (PIR-Trans) in a Bank Indonesia Regulation;

In view of ...

In view of:

1. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);
2. Bank Indonesia Regulation Number 5/20/PBI/2003 concerning Transfer of Management of Bank Indonesia Liquidity Credit within the Framework of Program Credit (State Gazette of the Republic of Indonesia Number 105 of 2003, Supplement to the State Gazette of the Republic of Indonesia Number 4322);

HAS DECREED:

To enact: THE BANK INDONESIA REGULATION CONCERNING INVESTMENT CREDIT FOR PRE-CONVERSION ESTATE DEVELOPMENT UNDER THE NUCLEUS COMPANY AND SMALLHOLDERS SCHEME FOR TRANSMIGRANTS (PIR-TRANS).

CHAPTER I GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation is defined as follows:

1. “Bank” is any executing bank for Investment Credit in Estate Development under the Nucleus Company and Smallholders Scheme (PIR) for

Transmigrants ...

Transmigrants (PIR-Trans), namely PT. Bank Rakyat Indonesia (Persero), PT. Bank Negara Indonesia (Persero), and PT. Bank Mandiri (Persero).

2. “Nucleus Company and Smallholders Scheme”, hereinafter referred to as “PIR Scheme”, is a scheme for estate development in which a large estate is used as a nucleus to assist and provide guidance for smallholder estates in the vicinity in a mutually beneficial, integral, and sustained collaborative arrangement.
3. “Nucleus Company and Smallholder Project for Transmigrants”, hereinafter referred to as “PIR-Trans Project”, is an integrated package for development of an area with primary components encompassing the development of a nucleus estate, development of smallholder estates and processing plant(s) for these estates, and housing development consisting of open areas and housing with supporting components that include public infrastructure, not including PIR-Trans Estate projects based on the Annual Government Project List (DIPP) mechanism.
4. “Nucleus Company” is an estate company, whether owned by the state or private sector, developing a Nucleus Estate and Smallholder Estates including any processing facility for these estates and designated by the Minister of Agriculture as project executing agency in a PIR-Trans Project.
5. “Nucleus Estate” is an estate established, developed, and owned by a Nucleus Company for cultivation of estate crops within the framework of implementation of a PIR-Trans Project.
6. “Smallholder Estates” are estates developed by a Nucleus Company in which estate crops will be transferred to participating farmers in a PIR-Trans Project.
7. “Participating farmers in PIR-Trans Project”, hereinafter referred to as “Farmers”, are transmigrant farmers, local residents, local farmers, and forest dwellers as stipulated in Presidential Instruction Number 1 of 1986 as

amended by Letter/Decree of the Minister of Manpower and Transmigration Number 1094A.PR.01.31.2001 dated August 14, 2001.

8. “PIR-Trans Project Costs” are costs necessary for the development of a Nucleus Estate and its processing unit(s) and Smallholder Estates, including interest over the development period, but not including costs of housing development.
9. “Unit Costs” are costs per hectare for development of Smallholder Estates, established by the Minister of Finance and Minister for National Development Planning/Chair of the National Development Planning Agency (Bappenas), after considering the opinions of the Minister of Agriculture, subject to annual review and since 1999/2000 established by local Regional Governments as stipulated in Letter of the Minister of Finance and Minister of State for National Development Planning/Head of Bappenas No. S-688/MK.017/1998 dated December 13, 1998.
S-7018/MK/12/1998
10. “Investment Credit for pre-conversion estates under the PIR-Trans Scheme”, hereinafter referred to as Investment Credit, is credit extended by a Bank to a Nucleus Company for development of the Nucleus Estate and its processing unit(s) and to Smallholder Estates, drawing on funding sources from the Bank and Bank Indonesia.
11. “Bank Indonesia Liquidity Credit,” hereinafter referred to as KLBI, is liquidity credit provided by Bank Indonesia for financing of PIR-Trans Projects for which provision of credit is approved by Bank Indonesia.
12. “Conversion” is the transfer of ownership of Smallholder Estates meeting requirements from the Nucleus Company to Farmers accompanied by transfer of Investment Credit for development of Smallholder Estates previously owed by the Nucleus Company to the account of individual Farmers by means of Post-Conversion Small-Scale Investment Credit.

13. “PT. Permodalan Nasional Madani (Persero)”, hereinafter referred to as “PT. PNM”, is one of the Coordinating SOEs assigned the management of KLBI as stipulated in Decree of the Minister of Finance Number 487/KMK.017/1999 dated October 13, 1999, concerning Appointment of State Owned Enterprises as Coordinators for Channeling of Program Credit.

CHAPTER II

PROVISIONS GOVERNING INVESTMENT CREDIT FOR PIR-TRANS PROJECTS

Article 2

- (1) PIR-Trans Project Costs shall be covered by funds from the Nucleus Company and Investment Credit.
- (2) Apportioning of funding for PIR-Trans Project Costs as referred to in paragraph (1) is stipulated as follows:
 - a. Development of a Nucleus Estate shall be financed with a minimum of 35% (thirty-five percent) taken from the Nucleus Company and the remainder financed by Investment Credit.
 - b. Development of Smallholder Estates shall be financed 100% (one hundred percent) from Investment Credit.

Article 3

Investment Credit shall be extended to a Nucleus Company to finance a PIR-Trans Project according to the following provisions:

- a. Investment Credit shall be used to finance the development of the Nucleus Estate, including its processing unit(s), and development of Smallholder Estates.

b. Estate ...

- b. Estate crops eligible for financing from Investment Credit are oil palm and hybrid coconuts.
- c. Construction of processing unit(s) as referred to in letter a may be financed from Investment Credit to the maximum capacity needed to process the output of the relevant Smallholder Estates and Nucleus Estate.

Article 4

The funding sources for Investment Credit shall consist of KLBI at 55% (fifty-five percent) and Bank funds at 45% (forty-five percent) of the required Investment Credit.

Article 5

The interest rate for Investment Credit is fixed in the first instance at 16% (sixteen percent) per annum and is subject to review by Bank Indonesia.

Article 6

- (1) Tenor of Investment Credit shall be fixed according to the ability of the PIR-Trans project, as reflected in the financial projection.
- (2) Tenor of investment credit as referred to in paragraph (1) shall be fixed at no more than 13 (thirteen) years, not including any term extension of the Investment Credit.

Article 7

- (1) No commitment fees and loan commissions shall be charged to a Nucleus Company for Investment Credit.
- (2) Revenue stamps shall be charged according to the applicable legal provisions for revenue stamps.

Article 8

- (1) Security for Investment Credit and binding of Security for Investment Credit shall be arranged according to the applicable legal provisions.
- (2) The provisions referred to in paragraph (1) shall be exercised at the discretion of the Bank.

CHAPTER III

PROCEDURE FOR PROVISION OF INVESTMENT CREDIT FOR PIR-TRANS PROJECTS

Article 9

- (1) Nucleus Companies eligible for Investment Credit are:
 - a. State owned companies approved by the Minister of Finance;
 - b. National Private Sector Companies; or
 - c. Foreign Direct Investment Companies established under Act No. 1 of 1967 as amended.
- (2) A Foreign Direct Investment Company as referred to in paragraph (1) letter c may apply only for Investment Credit for financing of the development of Smallholder Estates.
- (3) A Nucleus Company as referred to in paragraph (1) shall meet the following requirements:
 - a. Hold a Decree of the Minister of Agriculture concerning the planned implementation of the PIR-Trans project; and
 - b. Hold a Letter of Approval from the Minister of Finance concerning the planned multi-year financing for the PIR-Trans project development.

Article 10

An application for Investment Credit shall be submitted by the Nucleus Company to the Bank in writing and shall enclose:

- a. Documents as referred to in Article 9.
- b. Licenses pertaining to the legality of the business entity and line of business.
- c. Feasibility study by an independent consultant.
- d. Company financial statement for the past 3 years, audited by a public accountant for the former company, and at least the opening balance sheet for the new company.

Article 11

The Bank is required to assess the application for Investment Credit according to sound lending principles applied with reference to prudential principles.

Article 12

- (1) The Nucleus Company shall pay installments on Investment Credit for the Nucleus Estate on a quarterly basis according to the established schedule.
- (2) Investment Credit for Smallholder Estates shall be repaid in stages according to progress of Conversion.

CHAPTER IV

PROVISIONS GOVERNING BANK INDONESIA LIQUIDITY CREDIT

Article 13

The interest rate for KLBI is fixed at 6.5% (six and one half percent) per annum and is subject to review by Bank Indonesia.

Article 14

The tenor of KLBI for each PIR-Trans Project shall be set according to the tenor of the Investment Credit.

Article 15

- (1) The guarantee for KLBI shall be a Banker's Acceptance issued and signed by the Bank.
- (2) The Banker's Acceptance referred to in paragraph (1) shall be renewed each year for as long as KLBI remains outstanding.

CHAPTER V

PROCEDURES GOVERNING BANK INDONESIA LIQUIDITY CREDIT

Article 16

- (1) The Bank shall submit a KLBI application to Bank Indonesia through PT. PNM after the Bank has assessed the Investment Credit application in accordance with sound lending principles.
- (2) KLBI applied for by the Bank as referred to in paragraph (1) shall consist of KLBI for development of the Nucleus Estate and its processing unit(s) (Nucleus Estate KLBI) and KLBI for development of the Smallholder Estates (Smallholder Estate KLBI).
- (3) The Bank shall submit a KLBI application to Bank Indonesia in writing through PT. PNM, enclosing the following:
 - a. Assessment by the Bank of Investment Credit as referred to in paragraph (1).
 - b. Documents submitted by the Nucleus Company at the time of application for Investment Credit as referred to in Article 10.

Article 17

- (1) The amount of Smallholder Estate KLBI shall be calculated on the basis of Unit Costs for the relevant year plus overhead costs and a management fee at 15% (fifteen percent) of total costs.
- (2) The amount of Nucleus Estate KLBI shall be calculated according to the needs of the PIR-Trans Project, including costs for development of the processing unit(s).
- (3) The amount of KLBI as referred to in paragraph (1) and paragraph (2) shall be to a maximum of the KLBI ceiling in the Loan Confirmation Document (SPK) approve by Bank Indonesia prior to the enactment of this Bank Indonesia Regulation.

Article 18

- (1) KLBI shall be disbursed each quarter on the basis of a disbursement schedule set forth in the cash flow projection.
- (2) Disbursement of KLBI shall be based on the planned funding needs of the PIR-Trans Project after taking account of progress on the ground and the PIR-Trans Project Costs set forth in a report accounting for use of the Investment Credit, as stipulated in the following provisions:
 - a. Initial disbursement (first year), namely for the first and second quarters, may proceed without a report accounting for use;
 - b. Disbursement for the third quarter shall proceed after submission of the report accounting for use in the first quarter;
 - c. Disbursement for the fourth quarter shall proceed upon submission of the report accounting for use in the second quarter of the first year;

- d. Disbursement for the first quarter of the second year shall proceed upon submission of the report accounting for use in the third quarter of the first year;
 - e. Disbursement for the second quarter of the second year shall proceed upon submission of the report accounting for use in the fourth quarter of the first year;
 - f. Disbursement for the third quarter of the second year shall proceed upon submission of the report accounting for use in the first quarter of the second year, and so on until completion of the disbursement schedule.
- (3) The Bank shall verify the abovementioned reports accounting for use of the Investment Credit.
 - (4) Bank Indonesia shall stipulate the deadline for disbursement of KLBI and convey this deadline in writing to the Bank.

Article 19

- (1) A Bank is required to disburse the entire amount of KLBI to the PIR-Trans Projects.
- (2) Upon disbursement of the KLBI, the Bank is required to disburse Investment Credit to the PIR-Trans Project in accordance with the provisions for apportioning of funding as referred to in Article 4.
- (3) The Bank is required to disburse Investment Credit as referred to in paragraph (2) no later than 5 (five) working days after disbursement of KLBI to the Bank.
- (4) The Bank is required to submit evidence of disbursement as referred to in paragraph (3) to Bank Indonesia within 10 (ten) working days after the KLBI disbursement date.

Article 20

- (1) Installment payments on Nucleus Estate KLBI shall be made quarterly in accordance with a specified schedule based on the cash flow projection.
- (2) Smallholder Estate KLBI shall be repaid in phases commensurate to progress in Conversion.
- (3) Repayment of KLBI as referred to in paragraph (2) shall be executed through provision of KLBI as credit for the account of Farmers.

CHAPTER VI

CULTIVATION AREA RATIO

Article 21

- (1) The ratio of cultivation area of Nucleus Estates to Smallholder Estates shall be determined by Bank Indonesia with reference to rulings made by the Minister of Agriculture.
- (2) The cultivation area ratio as referred to in paragraph (1) shall be 20:80 (eighty to twenty), or may be adjusted to local conditions.
- (3) Adjustment in the cultivation area ratio as referred to in paragraph (2) shall be made as follows:
 - a. The Nucleus Company shall submit an application for adjustment of the cultivation area ratio to the Director General of Estate Production to obtain a recommendation.
 - b. After obtaining recommendation from the Director General of Estate Production as referred to in letter a, the Nucleus Company shall submit an application to the Bank for adjustment to the cultivation area ratio.
 - c. The Bank shall submit the application for adjustment to the cultivation area ratio to PT. PNM enclosing the recommendation from the Directorate General of Estate Production.

- d. PT. PNM shall evaluate the application submitted by the Bank and forward the evaluation to Bank Indonesia for approval.
- (4) If Bank Indonesia approves the application for adjustment to the cultivation area ratio:
 - a. PT. PNM shall amend the KLBI ceiling previously approved by Bank Indonesia.
 - b. If the value of KLBI already disbursed to the Bank is smaller than the amended KLBI ceiling as referred to in letter a, the undisbursed portion of KLBI shall be the difference between the amended KLBI ceiling and the previously disbursed KLBI.
 - c. If the value of KLBI disbursed to the Bank is greater than the amended KLBI ceiling as referred to in letter a, Bank Indonesia shall take back the surplus KLBI.

CHAPTER VII CONVERSION OF SMALLHOLDER ESTATES

Article 22

- (1) Conversion may proceed after the following requirements are met:
 - a. Crop cultivation is assessed by the Ministry of Agriculture as appropriate to the requirements or criteria determined and approved by the Bank.
 - b. Banking requirements pertaining to security of loan, administration of participating Farmers, and other requirements established by the Bank have been met.
 - c. Farmers have met the requirements stipulated by the Ministry of Agriculture.

(2) If ...

- (2) If the requirements referred to in paragraph (1) have been met, the Nucleus Company may apply to the Bank for Conversion, attaching evidence that the requirements have been met.
- (3) If the Bank approves the application for Conversion as referred to in paragraph (2), the Conversion may proceed.
- (4) PIR-Trans Project Costs expended by a Nucleus Company for development of Smallholder Estates shall be converted into credit for the account of Farmers concurrently with the ownership transfer of Smallholder Estates to the Farmers.
- (5) Credit to Farmers as referred to in paragraph (4) shall be described as Post-Conversion Small-Scale Investment Credit (KIK) and shall thereafter be subject to the applicable legal provisions for Post-Conversion Small-Scale Investment Credit.

Article 23

- (1) PIR-Trans Project Costs converted to Post-Conversion Small-Scale Investment Credit as referred to in Article 22 paragraph (4) are costs expended during the preparatory phase up to the handover of Smallholder Estates plus overhead costs and management fee at 15% (fifteen percent) of total costs, including interest on Smallholder Estate Investment Credit during the development period.
- (2) The amount of Post-Conversion Small-Scale Investment Credit as referred to in paragraph (1) is fixed at 166.17% (one hundred and sixty-six point one seven percent) multiplied by total costs during the development period for the Smallholder Estates, based on Unit Costs.
- (3) Funding sources for Post-Conversion Small-Scale Investment Credit for Farmers shall comprise 80% (eighty percent) Post-Conversion Small-Scale Investment Credit KLBI and 20% (twenty percent) Bank funds.

Article 24

- (1) Conversion as referred to in Article 22 shall proceed in stages according to the condition of each individual PIR-Trans Project, with conversion for all projects to be completed no later than 2008.
- (2) In the event that any Smallholder Estates have not completed Conversion by the stipulated deadline for Conversion and Smallholder Estate KLBI remains outstanding, the following provisions shall apply:
 - a. Any undisbursed portion of Post-Conversion Small-Scale Investment Credit KLBI not disbursed to the Bank shall be cancelled.
 - b. Outstanding balance of KLBI for Smallholder Estates shall be taken back by Bank Indonesia.
 - c. Resolution of ownership of unconverted land shall be placed in the hands of the PIR-Trans Coordinating Team.

Article 25

- (1) In the event that any one of the requirements referred to in Article 22 paragraph (1) is not met and thus Conversion is unable to proceed, the Nucleus Company shall immediately inform the PIR-Trans Coordinating Team of the matter for further resolution.
- (2) Proceeds from sale of Smallholder Estate crops received by the Nucleus Company during the period for resolution as referred to in paragraph (1) shall be managed in an escrow account system subject to the following provisions:
 - a. The Nucleus Company shall pay the proceeds from the sale of Smallholder Estate crops into an escrow account at the Bank.

- b. The Bank shall pay interest on the funds in the escrow account equal to the interest rate for Post-Conversion Small-Scale Investment Credit charged to Farmers under the Conversion process.
- c. The Nucleus Company may withdraw funds from the escrow account to pay for maintenance of the Smallholder Estates and service Smallholder Estate Investment Credit obligations incurred on the basis of the Smallholder Estate Investment Credit to be transferred to the concerned Farmers.
- d. In the event that Conversion takes place, funds in the escrow account as referred to in letter a shall be used to settle the obligations of the Farmers to the Nucleus Company and/or the Bank.

CHAPTER VIII

REPORTS

Article 26

- (1) Banks are required to submit the following reports to Bank Indonesia with copies to PT. PNM:
 - a. Semi-annual progress reports on any PIR-Trans Projects for the positions of June and December, submitted no later than 2 (two months) after the end of the relevant month.
 - b. Annual financial statement of the Nucleus Company, audited by an Accountant's Office and submitted no later than 6 (six) months after the end of the relevant year.
 - c. Monthly report on position of outstanding Investment Credit in the name of each Nucleus Company, consolidated by the Head Office of the Bank in the format presented in Appendix 1, to be received by Bank Indonesia no later than the 15th day of the following month.

- (2) The reporting requirement referred to in paragraph (1) shall remain effective until Conversion is completed.

CHAPTER IX

SANCTIONS

Article 27

- (1) Any violation of the provisions of Article 19 paragraph (2) resulting in the portion of transferred KLBI exceeding 55% (fifty-five percent) of Investment Credit shall be liable to sanctions comprising the taking back of the excess KLBI and a financial penalty according to the prevailing interest rate on 3 (three) month time deposits at the Bank at the KLBI disbursement date, multiplied by the excess KLBI.
- (2) Imposition of sanctions as referred to in paragraph (1) shall be calculated from the KLBI disbursement date until the date of taking back the KLBI.

Article 28

- (1) Any violation of the provisions of Article 19 paragraph (3) shall be liable to sanctions comprising the taking back of previously disbursed KLBI and a financial penalty according to the prevailing interest rate on 3 (three) month time deposits at the Bank at the KLBI disbursement date, multiplied by the amount of KLBI disbursed to the Bank.
- (2) Imposition of sanctions as referred to in paragraph (1) shall be calculated from the KLBI disbursement date until the date of taking back the KLBI.

Article 29

Any violation of the provisions of Article 19 paragraph (4) shall be liable to a financial penalty of Rp 1,000,000 (one million rupiahs).

Article 30 ...

Article 30

For each delay in submission of reports as referred to in Article 26 paragraph (1) letters a, b, and c, the Bank shall be liable to a financial penalty in each instance of Rp 1,000,000 (one million rupiahs).

CHAPTER X TRANSITIONAL PROVISIONS

Article 31

Terms and conditions for KLBI for PIR-Trans extended prior to the enactment of this Bank Indonesia Regulation shall remain in force until the expiration of tenor of each relevant Loan Confirmation Document (SPK).

CHAPTER XI CONCLUDING PROVISIONS

Article 32

- (1) The provisions of this Bank Indonesia Regulation shall apply to KLBI previously approved by Bank Indonesia.
- (2) Bank Indonesia shall not provide any new KLBI facility for the credit scheme governed by this Bank Indonesia Regulation.

Article 33

With the enactment of this Bank Indonesia Regulation:

1. Decree of the Management of Bank Indonesia Number 19/14/KEP/DIR and Circular Letter of Bank Indonesia Number 19/3/UKU, both dated June 4, 1986, concerning Provisions for Investment Credit for Estate Development under the Nucleus Company and Smallholders Scheme for Transmigrants;

2. Number IV.1 of Circular Letter of Bank Indonesia Number 22/6/UKU dated January 29, 1990, concerning Investment Credit,
3. Any other provisions contrary to this Bank Indonesia Regulation are declared no longer valid.

Article 34

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated April 19, 2004

THE GOVERNOR OF BANK INDONESIA

BURHANUDDIN ABDULLAH

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER: 6 /12/PBI/2004
CONCERNING
INVESTMENT CREDIT FOR PRE-CONVERSION ESTATE
DEVELOPMENT UNDER THE NUCLEUS COMPANY AND
SMALLHOLDERS SCHEME FOR TRANSMIGRANTS (PIR-TRANS)

I. GENERAL REVIEW

Since 1986, Bank Indonesia Liquidity Credit (KLBI) has been made available for pre-conversion estate development under the nucleus company and smallholders scheme for transmigrants (PIR-Trans). The PIR-Trans program has proved enormously beneficial to efforts to improve farmer incomes and stimulate economic activity. Given the long-term nature of this program, various problems and difficulties have arisen in the field for reasons that include changes in social conditions that have impacted farmer behavior and the institution of regional autonomy that has ushered changes in Regional Government policies.

In regard to the foregoing and for codification of legal provisions, it is deemed necessary to make adjustments and improvements to the legal provisions governing investment credit for pre-conversion estate development under the nucleus company and smallholders scheme for transmigrants (PIR-Trans) in a Bank Indonesia Regulation.

The provisions in this Bank Indonesia Regulation are intended only for regulation of outstanding KLBI approved prior to the enactment of the provisions of Act Number 23 of 1999 concerning Bank Indonesia. No new provision of KLBI facilities from Bank Indonesia shall be based on this Regulation.

II. ARTICLE ...

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Article 3

Self-explanatory

Article 4

Self-explanatory

Article 5

Self-explanatory

Article 6

Paragraph (1)

The Bank shall determine the tenor of Investment Credit taking into account the financial projection of the individual PIR-Trans Project.

Paragraph (2)

Self-explanatory

Article 7

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Article 8

Paragraph (1)

Self-explanatory

Paragraph (2)

The determination and binding of security shall be at the discretion of the individual Bank, without disregard to sound lending principles.

Article 9

Paragraph (1)

Letter a

“Approval of the Minister of Finance” is defined as a recommendation from the Minister of Finance (acting as the Government) as shareholder of state owned enterprises for participation in the PIR-Trans program.

Letter b

Self-explanatory

Letter c

Self-explanatory

Paragraph (2)

The Foreign Direct Investment company may only apply for Investment Credit for financing of Smallholder Estates insofar as the company has a processing unit financed by equity to process the crops of the Smallholder Estates.

Paragraph (3)

Letter a

Self-explanatory

Letter b

The financing plan for the multi-year PIR-Trans development shall be based on a recommendation of the National Development Planning Agency (BAPPENAS).

Article 10

Letter a

Self-explanatory

Letter b

The definition of these permits includes Land Use Rights (HGU) and Permanent Approval (SKPT) issued by the Investment Coordinating Board (BKPM).

Letter c

Self-explanatory

Letter d

“Former companies” are defined as companies possessing experience in operation of estates under

the Nucleus Company and Smallholders scheme at the commencement of the PIR-Trans program.

“New companies” are defined as companies newly established by reason of the PIR-Trans program.

Article 11

Self-explanatory

Article 12

Paragraph (1)

The schedule shall be determined on the basis of the cash flow projection. Repayment installments on Investment Credit for Nucleus Estates shall be made after expiration of the grace period.

Paragraph (2)

The provisions and procedure for repayment of Investment Credit for Smallholder Estates is stipulated in the Bank Indonesia Regulation concerning KLBI for Post-Conversion Small-Scale Investment Credit in Nucleus Company and Smallholders Scheme for Transmigrants.

Article 13

Self-explanatory

Article 14

The tenor of the KLBI is set forth in the Loan Confirmation Document (SPK) for each PIR-Trans Project.

Article 15

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Article 16

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 17

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

In this regard, there is no possibility for escalation in use of KLBI.

Article 18

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3) ...

Paragraph (3)

Self-explanatory

Paragraph (4)

Bank Indonesia shall set the deadline for disbursement of KLBI to the Bank on the basis of recommendations from the Bank and the Directorate General of Estate Production.

Article 19

Paragraph (1)

Self-explanatory

Paragraph (2)

When disbursing Investment Credit to a PIR-Trans Project, the Bank must ensure that the composition of the Investment Credit is 55% (fifty-five percent) KLBI and 45% (forty-five percent) Bank funds.

Paragraph (3)

Self-explanatory

Paragraph (4)

The proof of disbursement shall be conveyed to the Credit Bureau at Bank Indonesia.

Article 20

Paragraph (1)

Repayment installments on Investment Credit for Nucleus Estates shall be made after expiration of the grace period.

Paragraph (2)

Conversion for each Farmer shall be phased in according to the state of readiness of each PIR-Trans Project.

Paragraph (3)

KLBI extended as credit for the account of Farmers, hereinafter referred to KLBI for Post-Conversion PIR-Trans Small-Scale Investment Credit, is governed by the Bank Indonesia Regulation concerning Bank Indonesia Liquidity Credit for Post-Conversion PIR-Trans Small-Scale Investment Credit.

Article 21

Paragraph (1)

Self-explanatory

Paragraph (2)

Adjustment to the cultivation area ratio shall be based on Decree of the Minister of Agriculture Number 353/Kpts/KB.5106/2003 dated June 30, 2003, and adjustment to the cultivation area ratio shall be possible insofar as it meets the criteria stipulated in Decree of the Director General of Estate Production Number 50/Kpts/KB.510/7/2003 dated July 30, 2003, as amended.

Paragraph (3)

Self-explanatory

Paragraph (4)

Letter a

The adjustment in the KLBI ceiling shall be made pro-rata in the Loan Confirmation Document (SPK) for provision of KLBI.

Letter b ...

Letter b

Self-explanatory

Letter c

Bank Indonesia shall take back KLBI by debiting the demand deposit account of the Bank at Bank Indonesia.

Article 22

Paragraph (1)

Letter a

Self-explanatory

Letter b

“Banking requirements pertaining to security of loan” is defined as including but is not limited to land title.

Letter c

Documents for compliance with the Farmer administration requirements shall be prepared by the Nucleus Company.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 23

Paragraph (1)

Self-explanatory

Paragraph (2)

The amount of the loan shall be determined so that the debt carried by each individual farmer is the same for the same planting year, based on the formula of $X + 15\% X + (\%BMP \times 115\% X)$ in which X is the Unit Cost and BMP is interest expense incurred during the development period.

Paragraph (3)

Self-explanatory

Article 24

Paragraph (1)

The Conversion deadline for each PIR-Trans Project shall be determined by Bank Indonesia on the basis of a proposal from the Bank and the Directorate General of Estate Production.

Paragraph (2)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

“PIR-Trans Coordinating Team” is as stipulated in Decree of the Minister of Agriculture Number 183/Kpts/KP.150/4/86 dated April 5, 1986, in conjunction

with Decree ...

with Decree of the Minister of Agriculture Number 485/Kpts/KP.150/6/96 concerning the Coordinating Team for Estate Development under the Nucleus Company and Smallholders Scheme for Transmigrants.

Article 25

Paragraph (1)

In this case, the reason for which the Conversion cannot be implemented is not the fault of the Nucleus Company.

Paragraph (2)

Letter a

Self-explanatory

Letter b

Interest shall be calculated on the daily balance.

Letter c

Self-explanatory

Letter d

Self-explanatory

Article 26

Paragraph (1)

Self-explanatory

Paragraph (2)

“Completion of conversion” is defined as Conversion that is completed for all Farmers.

Article 27

Paragraph (1)

Sanctions shall be imposed on the Bank by deduction from the demand deposit account of the Bank at Bank Indonesia.

Paragraph (2)

Self-explanatory

Article 28

Paragraph (1)

Sanctions shall be imposed on the Bank by deduction from the demand deposit account of the Bank at Bank Indonesia.

Paragraph (2)

Self-explanatory

Article 29

Self-explanatory

Article 30

Self-explanatory

Article 31

“Terms and conditions” are defined as set forth in the Loan Confirmation Document (SPK) for each PIR-Trans Project.

Article 32

Self-explanatory

Article 33

Self-explanatory

Article 34

Self-explanatory

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF
INDONESIA NUMBER 4384

BKr